

SUMMARY

The Office of Natural Gas and Petroleum Import and Export Activities prepares quarterly reports summarizing the data provided by companies authorized to import or export natural gas. Companies are required, as a condition of their authorizations, to file quarterly reports. This report is for the fourth quarter of 1998 (October through December).

Attachment A shows the percentage of takes to maximum firm contract levels and the weighted average per unit price for each of the long-term importers during the five most recent reporting quarters.

Attachment B shows volumes and prices of gas purchased by long-term importers and exporters during the past 12 months.

Attachment C shows volume and price information pertaining to gas imported on a short-term or spot market basis.

Attachment D shows the gas exported on a short-term or spot market basis to Canada and Mexico.

Fourth Quarter Highlights: Twelve new long-term Canadian import contracts were activated, totaling 261.1 MMcf per day or 95.3 Bcf annually. Most of these volumes (203.4 MMcf per day or 78 percent) will go to supply markets in the Midwest, with the majority going to Michigan. About 18 percent or 47.5 MMcf will go to markets in New York, and 4 percent or 10.2 MMcf will go to markets in Vermont. In December, Enron Gas Liquids, Inc. (Enron) imported 2.6 Bcf of LNG from the United Arab Emirates (UAE) under a short-term arrangement, marking the first time that a marketer unaffiliated with the LNG receiving terminal has imported LNG into the United States.

Ener-Son, USA, Inc. (Ener-Son) began exporting LNG, via truck, to Mexico in October. During the fourth quarter, Ener-Son and Applied LNG Technologies exported a total of 31.7 MMcf of LNG to various customers in Sonora, Mexico. Clint, Texas retained its standing as the leading export point to Mexico. Fourth quarter volumes exported at Clint (10.7 Bcf) comprised nearly 69 percent of all the exports to Mexico and represented an increase of about 47 percent or nearly 3.4 Bcf compared to the third quarter (7.3 Bcf). This increase is probably due to the Samalayuca II Power Plant becoming operational.

Fourth Quarter Data: **Long-term imports** for the quarter totaled 358.1 Bcf, representing a 4 percent decrease over the fourth quarter of 1997 (371.2 Bcf). **Long-term Canadian imports** totaled 340.5 Bcf, which is 3 percent less than the fourth quarter of 1997 (351.3 Bcf). The average price of these supplies was \$2.14 per MMBtu, which was 8 cents or eight percent higher than the preceding quarter. Under **LNG long-term import arrangements**, Distrigas Corporation (Distrigas) imported 13.1 Bcf from Algeria at an average price of \$2.34 per MMBtu. Duke Energy LNG Sales, Inc. (Duke) imported 4.5 Bcf from Algeria at an average price of

\$2.00 per MMBtu. Under a long-term export arrangement, Marathon Oil Company and Phillips Alaska Natural Gas Corporation exported 15.1 Bcf to Japan at \$2.68 per MMBtu.

During the fourth quarter, 98 companies used **short-term authorizations** to import 442.1 Bcf of gas, up 5 percent or 20.6 Bcf compared to the fourth quarter of 1997, when short-term imports totaled 421.5 Bcf. Of this total, 429.2 Bcf was imported from Canada at \$1.91 per MMBtu (compared to \$1.61 per MMBtu in the third quarter), and 2.3 Bcf was imported from Mexico at \$1.70 per MMBtu (compared to \$1.91 per MMBtu in the third quarter). Under **short-term LNG import contracts**, Distrigas imported 2.4 Bcf from Australia at \$3.07 per MMBtu. Duke imported 2.3 Bcf of LNG from Australia at \$2.73; 2.7 Bcf from the UAE at \$2.44; and 0.6 Bcf from Algeria at \$2.00 per MMBtu. Enron imported 2.6 Bcf of LNG from the UAE at \$2.08 per MMBtu.

Approximately 39 percent of the **short-term Canadian sales** were made at Eastport, Idaho, at an average price of \$1.79 per MMBtu; 16 percent at Sumas, Washington, at \$2.04 per MMBtu; 16 percent at Noyes, Minnesota, at \$1.99 per MMBtu; 15 percent at Port of Morgan, Montana, at \$1.78 per MMBtu; 6 percent at Niagara Falls, New York, at \$2.26 per MMBtu; 3 percent at Waddington, New York, at \$2.23 per MMBtu; 2 percent at Grand Island, New York, at \$2.08 per MMBtu; and 3 percent at various other entry points, at \$1.98 per MMBtu.

In addition, 33 **short-term export authorizations** were used, exporting a total of 27.6 Bcf of gas. Fourteen authorizations were used to export 12 Bcf to Canada, at \$2.16 per MMBtu. Under 19 authorizations, 15.6 Bcf was exported to Mexico at \$1.95 per MMBtu.

1998 Highlights: During 1998, total gas imports grew by 5 percent (3,152.9 vs. 3,000.2 Bcf) and total gas exports increased by 3 percent (164.4 vs. 159.7 Bcf) compared to 1997 levels. Net imports as a percentage of total domestic gas demand grew to 14 percent this year. Imports from Canada increased by 5 percent over 1997 levels (3,052.5 vs. 2,905.2 Bcf). Exports to Canada fell 23 percent (45.3 vs. 59.1 Bcf in 1997). Imports from Mexico decreased by 16 percent in 1998 (14.5 vs. 17.2 Bcf in 1997), while exports to Mexico increased by 38 percent compared to 1997 (53.1 vs. 38.4 Bcf). LNG imports increased by 10 percent (85.9 vs. 77.8 Bcf). LNG exports to Japan increased by 6 percent (66.0 vs. 62.2 Bcf in 1997).

This quarter's focus report is a review of gas import/export activity for 1998. Next quarter's focus report will go into further detail of 1998's gas trade. The quarterly report and any future revisions to the report will be resident on our Electronic Bulletin Board at (202) 586-7853 or on the Fossil Energy Web Site at <http://www.fe.doe.gov>. Any questions or comments concerning this report should be directed to Yvonne Caudillo at (202) 586-4587 or by E-mail at yvonne.caudillo@hq.doe.gov.